

State Auditor's Office Rate Fair Presentation

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Auditing Services Revolving Account

Mission Statement

The State Auditor's Office independently serves the citizens of Washington by promoting accountability, fiscal integrity and openness in state and local government. Working with these governments, we strive to ensure the proper use of public resources.

Strategic Plan – State Audits

Goal -

To provide independent, quality audits of state governments at a reasonable cost.

Objective –

- Improve citizen, audit client and other interest group satisfaction with our audits.
- Continue to meet national accounting and auditing standards.
- Increase percentage of resolved audit findings.
- Provide services at a reasonable cost.

Whistleblower Program

Goal -

To investigate and report on assertions of improper activities in state government.

Objectives –

- Issue whistleblower reports on average within 90 days of receipt of disclosure.
- Comply with state whistleblower notification requirements.
- Ensure that investigations are performed in the public interest.

Services We Provide

- Audit of Comprehensive Annual Financial Report
- State of Washington Single Audit Report
- Statewide Accountability Report
- State Employee Whistleblower Program
- Local Funds Audit Report
- Forensic Computer Investigations
- Fraud Investigations
- IT Security Reviews

Ways to Avoid Increased Audit Costs

- Audit Preparation
- Effective Audit Liaison
- Timely, Documented Audit and Whistleblower Resolution
- Operative system of information technology security
- Cooperation with SAO audit staff

Ways to Avoid Increased Audit Costs

- Provide requested information in a timely manner
- Effective system of internal controls and internal audits ensuring:
 - ✓ Effectiveness and efficiency of operations
 - ✓ Reliability of financial reporting
 - ✓ Compliance with applicable laws and regulations

ASRA Assumptions

2005-07 Biennium

- The ASRA is an internal service fund, which is used to account for audit services and whistleblower investigations by SAO to all state agencies on a cost-reimbursement basis.
- The audit of state government is based on risk. While a significant portion of the state's audit scope is predictable, there is a portion of work that must be responded to in an ever changing environment.

ASRA Assumptions 2005-07 Biennium (cont)

- Some of these factors include:
 - ✓ Implementation of new laws and programs
 - ✓ Changes in outside funding levels and requirements
 - ✓ Legislative direction to perform expanded audit work
 - ✓ Frauds and other white collar crimes
 - ✓ Changing leadership
 - ✓ Implementation of new financial management systems

ASRA Assumptions

2005-07 Biennium (cont)

- Predicting the state employee whistleblower program caseload is in large measure indeterminate
- The SAO uses continuous quality tools and methods to improve audit coverage and effectiveness and whistleblower investigations
- The SAO is accountable to the citizens of Washington for the audit of the State and for the administration of the State Employee Whistleblower Program

ASRA Assumptions

2005-07 Biennium (cont)

- The SAO will use due diligence in budgeting the anticipated biennial cost of the state's audit and whistleblower investigations. The supplemental budget process will be used to respond to significant, unanticipated fluctuations in actual costs incurred.

Establishing ASRA Costs

- A risk assessment is completed for each state agency including public colleges and universities. This considers, among many factors, prior audit issues, current organizational structure of the entity, strengths and weaknesses of internal controls, etc. From this risk assessment an estimate of audit effort is determined.
- Analysis of whistleblower program activity by agency for the past three years. This number is then biennialized by agency to establish an estimate of whistleblower effort.
- These two components are factored together to come up with a total biennial estimate for each state agency.
- During the biennium, agencies will be billed based on actual work performed.

New Innovations

- TeamMate Audit Software
- Computer-Assisted Auditing Techniques
- State Accountability Report
- Auditing in Paperless Environments
- Forensics Computer Capacity

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Authorizing Legislation

- State Constitution, Article 3, Section 20 (Auditor of public accounts)
- RCW 43.09.010 – 43.09.185 (General Authority)
- RCW 43.09.290 – 43.09.240 (State Audits)
- RCW 43.88.160 (6) (State Audits)
- Chapter 42.40 RCW (State Whistleblower Program)
- RCW 43.09.410 (Auditing Services Revolving Account)